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Arizona Corporation Commission  
BEFORE THE ARIZONA CORPORATION COMMISSION

DOCKETED

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Carl J. Kunasek  
Commissioner-Chairman  
Jim Irvin  
Commissioner  
William Mundell  
Commissioner

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AZ CORP COMMISSION  
DOCUMENT CONTROL

IN THE MATTER OF THE APPLICATION  
OF ARIZONA DIAL TONE, INC. FOR A  
CERTIFICATE OF CONVENIENCE AND  
NECESSITY AND FOR DETERMINATION  
THAT SERVICES OF APPLICANT ARE  
COMPETITIVE

DOCKET NO. T-03608A-98-0442

APPLICANT'S RESPONSE TO STAFF'S  
REQUEST FOR ADDITIONAL DATA

Arizona Dial Tone, Inc., by and through undersigned counsel, hereby responds to Staff's request for additional information contained a letter from Anthony Gatto dated September 15, 2000.

Arizona Dial Tone objects to the five categories of information requested by Staff based on relevance. The information requested by Staff relates to plant and equipment intended to be used to provide telecommunications services to Arizona customers, including items such as the costs, locations, and values of plant and equipment, and the relationship of the plant and equipment to the Applicant's proposed rates. Ordinarily this type of information is at issue when making a fair value rate base determination for facilities based telecommunications carriers. However, the Applicant is not facilities based and is instead a pure reseller of services provided by other facilities based local exchange carriers. In this matter, the income requirements of a pure reseller of LEC services is not proportional to the reseller's plant and equipment. Instead, the plant and equipment used to provide the telecommunications services to the customer is owned by the facilities based LEC, not the reseller. The return on this plant and equipment is imbedded in the wholesale rates charged to the reseller by the facilities based LEC. A pure reseller does not add plant and equipment to the equation. Instead, a pure reseller adds services and assumes risks

1 that amount to costs avoided by the facilities based LEC. In order to be competitive in the  
2 marketplace, a pure reseller works within the margin created by the costs avoided by the facilities  
3 based LEC. These costs include such things as billing and collection, bad debt, repairs and  
4 maintenance, orders, advertising, yellow pages, and so on.

5 In summary, the Applicant, as a pure reseller of telecommunications services, adds no  
6 facilities based value to the telecommunications services and instead adds purely service based  
7 value. Therefore, information such as the value, cost, and location of the plant and equipment is  
8 not relevant to the issue of proposed rates of resellers of local exchange carrier services.

9 Notwithstanding the above objections and without waiving them, the Applicant responds  
10 to Staff's September 15, 2000 request for information, categories A through E, as follows:  
11 Applicant currently holds no plant and equipment intended to be used to provide  
12 telecommunications services to Arizona customers, and does not intend upon acquiring any such  
13 plant and equipment. Therefore, as explained in the objections above, the value of the Applicant's  
14 plant and equipment is not related to the Applicant's proposed rates.

15 RESPECTFULLY SUBMITTED this 13<sup>th</sup> day of October, 2000

16 MORRILL & ARONSON, P.L.C.

17 By William D. Cleaveland  
18 Martin A. Aronson  
19 William D. Cleaveland  
20 One East Camelback, Suite 340  
Phoenix, AZ 85012  
Attorneys for Arizona Dial Tone, Inc.

21 The Original and 10 Copies of  
22 the foregoing were filed with  
23 DOCKET CONTROL this  
24 13<sup>th</sup> day of October, 2000  
25 and a COPY of the foregoing  
26 was MAILED this 13<sup>th</sup> day of  
August, 2000, to:  
Mr. Anthony Gatto  
Arizona Corporation Commission  
1200 West Washington Street  
Phoenix, AZ 85007